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UNCLAS SECTION 01 OF 03 BRIDGETOWN 000788

SIPDIS

SENSITIVE
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DEPT FOR WHA/CAR
SANTO DOMINGO FOR FCS
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SUBJECT: THE WINDIES - SPOT REPORTS FROM THE EASTERN
CARIBBEAN - APRIL 2006

REGIONAL

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REGIONAL

Eastern Caribbean Delays CSME Entry

1. (U) Leaders of the six independent nations in the Organization of Eastern Caribbean States (OECS) reaffirmed in April their intention to delay officially signing on to the CARICOM Single Market and Economy (CSME) until a Regional Development Fund (RDF) is established to help less developed states compete in the CSME. CARICOM Finance Ministers are due to meet May 19 to determine how to fund the RDF, which is to be established by June 30. To date, Trinidad and Tobago, Jamaica and Barbados have all pledged funds to the RDF, which is anticipated to hold US\$120 million that can be used by member states for development projects.

2. (SBU) Comment: An RDF had long been a part of the CSME treaty, although no moves were made to actually establish the fund until the OECS insisted on it as a precondition for

their participation in the single market. In demanding establishment of the fund, the OECS countries appear to want compensation for further opening their markets to low-cost goods from Trinidad, the region's manufacturing center. End comment.

OECS PetroCaribe Meeting

13. (U) A working-level OECS "Energy Task Force" met in Antigua April 18 to work out the details of implementing Venezuela's PetroCaribe concessionary oil financing program. After discovering that Antigua had obtained better terms in its bilateral PetroCaribe agreement with Venezuela than some of the other OECS countries, the OECS member states agreed to undertake future negotiations with Venezuela as a bloc instead of bilaterally. OECS leaders say they will also use the bloc approach to help coordinate oil shipments to each of the small Caribbean islands. Thus far, the promised flow of oil from Venezuela to the Eastern Caribbean has not materialized with the exception of two shipments of liquefied petroleum gas (LPG) to St. Vincent.

14. (SBU) Comment: This bloc approach should help the OECS negotiate a better deal for oil from Venezuela and make the implementation of PetroCaribe more feasible. The small market demand and low storage capacity in many OECS countries mean that any supplier, whether Venezuela or an international oil company, needs to make frequent, small deliveries. For PetroCaribe to function without excessive transport costs, Venezuela will have to work closely with the OECS to coordinate oil shipments to the region. End comment.

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ANTIGUA AND BARBUDA

Chinese Assess Electric Power Stations

15. (U) Chinese engineers visited two of Antigua's electric power stations in April to assess their current generating capacity and offer possible methods to improve their performance. The visit of engineers from the Beijing Construction and Energy Corporation came as a result of a December 2005 trip to Antigua by China's Minister of Construction, who discussed with the local Government the possibility of China offering energy-related assistance. The Chinese engineers are expected to return to Antigua later in the year for a follow-up visit. (Comment: Rising oil prices have had a major impact on the region, leading to increases in the government-regulated price of electricity in several countries. Antigua and its neighbors are looking to a variety of sources, particularly China, Cuba, and Venezuela, for assistance in keeping energy costs down. End comment.)

DOMINICA

Court Throws Out Election Challenge

16. (U) In what may be the final blow to the opposition United Workers Party's (UWP) legal challenge to the results of Dominica's May 2005 general election, the Eastern Caribbean Court of Appeal dismissed for lack of evidence the UWP petitions that disputed the results in five constituencies. The opposition had charged that electoral irregularities should have negated the results in these five races won by the ruling Dominica Labor Party (DLP), which currently holds 12 Parliamentary seats to 8 for the

opposition and 1 independent. The attorney representing the Government of Dominica explained that the matter should now be "dead" as the UWP cannot appeal the case any higher.

GRENADA

Grenada Enters Into New IMF Program

17. (U) The International Monetary Fund (IMF) approved a US\$15.2 million loan to Grenada under the organization's Poverty Reduction and Growth Facility (PRGF) program. The soft loan (0.5 percent interest payable over 10 years with a 5.5 year grace period on principal payments) is intended to help Grenada's economy, which is still struggling to recover from the devastation caused by Hurricane Ivan in September 2004. In exchange for the loan, the IMF requires Grenada to reduce Government spending and its current high level of public debt, as well as to implement economic reforms to encourage more investment and growth. (Comment: The IMF funds will provide welcome relief to Grenada in its debt restructuring efforts. A similar PRGF program has been successful in Dominica and could work in Grenada if the Government phases in public spending cuts over several years in order to avoid causing a recession. End comment.)

Opposition Leader Says Police Bugged His Phone

18. (U) Leader of the opposition National Democratic Congress (NDC), Tillman Thomas, suggested publicly in April that his phone has been tapped by members of the police force who are allied with the ruling New National Party (NNP) of Prime Minister Keith Mitchell. The opposition leader explained to the newspaper "Grenada Today" that he received this information from a person who was able to play for him a tape of one of Thomas' phone conversations. The opposition leader said he would take the matter up with the

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Commissioner of Police. In covering the story, the paper reported on public speculation that the police force has secured several telephone lines from regional communications monopoly Cable and Wireless (C&W) to monitor phone conversations of certain Grenadian citizens.

ST. VINCENT AND THE GRENADINES

Cuba Continues Medical Aid

19. (U) A team of Cuban medical practitioners visited St. Vincent in April as part of Cuba's Vision Now Program that provides free eye care to people in the Eastern Caribbean. Vincentians who were found to be in need of eye glasses during a 2005 visit by Cuban ophthalmologists were examined during this visit to determine the specific measurements for their glasses. According to the Government of St. Vincent (GOSV), the measurements will be sent to Venezuela where the glasses will be manufactured. The GOSV also announced that a kidney expert and two architects had traveled from Cuba to begin designs for a dialysis clinic that the Cuban Government will build for St. Vincent.

Venezuelan Fuel Price Increase

110. (U) The price for liquefied petroleum gas (LPG) supplied to St. Vincent by Venezuela under the PetroCaribe oil accord will rise, according to the GOSV. The cost of a 22-pound cylinder of LPG, the primary home cooking fuel used in the country, will rise from US\$9.25 to US\$10.75; consumers will

also have to place a US\$30 deposit on the metal cylinder, which they were not required to do previously. The GOSV explained that the two shipments of LPG already sent to St. Vincent from Venezuela had been transported at no cost to the GOSV via Venezuelan naval vessels. The GOSV will have to pay commercial shipping rates for future LPG shipments, thus the price increase. No date was given for the next shipment of Venezuelan LPG.

¶11. (SBU) Comment: Even at the higher price, Venezuelan LPG is cheaper than the fuel from St. Vincent's main source of LPG, Texaco, which retailers sell at US\$13 for a 20-pound container. Texaco, however, as a longtime and dependable supplier, is unlikely to be supplanted soon as St. Vincent's primary source of home cooking fuel, considering the erratic nature of Venezuela's shipments to date. End comment.
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